

Rural Infrastructure Development Fund (RIDF)

October 30, 2020

In news

Recently, NABARD has sanctioned loans worth ₹ 8504.30 lakh under Rural Infrastructure Development Fund (RIDF) to the Government of Goa

About the Rural Infrastructure Development Fund (RIDF)

RIDF was created by Government of India IN NABARD in 1995-96 with an initial corpus of Rs.2,000 crore

What are the eligible activities under NABARD?

At present, there are 37 eligible activities under RIDF as approved by GoI. (Annexure I). The eligible activities are classified under three broad categories i.e.

- Agriculture and related sector
- Social sector
- Rural connectivity

Eligible Institutions under:

- State Governments / Union Territories
- State Owned Corporations / State Govt. Undertakings
- State Govt. Sponsored / Supported Organisations
- Panchayat Raj Institutions/Self Help Groups (SHGs)/ NGOs
- (provided the projects are submitted through the nodal department of State Government, i.e Finance Department)

Mode of Finance:

NABARD releases the sanctioned amount on a **reimbursement basis** except for the initial mobilisation advance @30% to North

Eastern & Hilly States and 20% for other states.

Quantum of Loan and Margin/Borrower Contribution:

The project for rural connectivity, social and agri-related sector, are eligible for loans from 80 to 95% of project cost. Cost escalation proposals for certain genuine reasons are considered within two years of sanction.

What is the rate of interest?

With effect from 01 April 2012, the **interest rates payable to banks on deposits** placed with NABARD and loans disbursed by NABARD from RIDF have been **linked to the Bank Rate prevailing at that point of time.**

Repayment period:

- Loan to be repaid in equal **annual installments within seven years from the date of disbursement, including a grace period of two years.**
- The interest shall be paid at the end of each quarter i.e. 31 March, 30 June, 30 September and 31 December every year, including grace period.

Penal Interest:

Interest on the overdue interest amount is to be paid at the same rate as applicable to the principal amount.

Security for Loan:

Loans sanctioned would be **secured by the irrevocable letter of authority/mandate registered with Reserve Bank of India/any other Scheduled Commercial Bank, Time promissory Note(TPN), Execution of unconditional Guarantee from State Governments** (Additionally required for support to State Government-sponsored organisations, etc.) and acceptance of terms and conditions of sanction in the duplicate copy of the sanction letter.